



ENGINEERS AUSTRALIA GROUP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

PARENT ENTITY: THE INSTITUTION OF ENGINEERS AUSTRALIA
ABN: 63 020 415 510

The Institution of Engineers Australia and its controlled entities

Directors' report

The directors present the annual financial report of The Institution of Engineers Australia and its controlled entities ('the Group') for the financial year ended 30 June 2023.

Board members

The names and particulars of the directors of the Board during or since the end of the financial year are:

Name	Titles of membership	Period of office	Board membership
N Fleming	FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus)	01-Jan-17 31-Dec-23	National President / Board Chair
R Aseervatham	FIEAust CPEng APEC Engineer InstPE(Aus)	01-Jan-19 31-Dec-26	Elected Director
L Blackhall	FIEAust	01-Jan-23 31-Dec-26	Elected Director
L Cade	FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus)	01-Jan-18 31-Dec-24	Elected Director
T Goerke	FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus)	01-Jan-23 31-Dec-26	Elected Director
K Kayvani	FIEAust CPEng NER APEC Engineer IntPE(Aus)	01-Jan-21 31-Dec-24	Elected Director
L Maimone (Boyer)	FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus)	01-Jan-22 31-Dec-24	Elected Director
M Thompson	FIEAust CPEng EngExec APEC Engineer IntPE(Aus)	01-Jan-20 31-Dec-22	Elected Director
L Vitaris	-	04-Oct-21 03-Oct-24	Appointed Director

Principal activities

The principal activity of the parent entity of the Group during the financial year was to operate as the peak body of the engineering profession to advance the science and practice of engineering for the benefit of the community.

Operating result

The net surplus of the Group for the year was \$2,591,000 (2022: net surplus \$255,000).

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

Future developments

The Group is in the process of rationalising its group structure. This will ensure all available resources are used to ensure that its objectives are maintained in the best interests of members.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The Institution of Engineers Australia and its controlled entities

Directors' report (cont'd)

Meeting of directors

Name	Full meeting of directors		Meeting of committees													
			Audit and Risk		Board Nominations		People & Culture		College Chairs Forum		Board Governance Committee		President's Forum		Engineering Practice Advisory Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
N Fleming	7	7	*	*	*	*	*	*	2	2	4	4	5	5	2	2
R Aseervatham	7	7	*	*	6	6	3	3	*	*	*	*	*	*	*	*
L Blackhall	4	4	*	*	1	1	*	*	*	*	1	2	*	*	*	*
L Cade	7	7	*	*	6	6	*	*	*	*	*	*	*	*	*	*
T Goerke	4	4	2	2	*	*	*	*	*	*	*	*	*	*	*	*
K Kayvani	7	7	*	*	*	*	*	*	0	1	2	2	*	*	*	*
M Thompson	3	3	2	2	*	*	*	*	*	*	*	*	*	*	*	*
L Maimone (Boyer)	7	7	4	4	*	*	*	*	*	*	*	*	*	*	*	*
L Vitaris	7	7	4	4	*	*	3	3	*	*	*	*	*	*	*	*

A = Number of meetings attended from 1 July 2022 to 30 June 2023

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = Not a member of the relevant committee

Signed in Adelaide on the 4 October 2023, in accordance with a resolution of the Board.



Nick Fleming

National President and Board Chair



**Building a better
working world**

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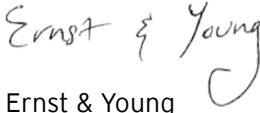
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Auditor's independence declaration to the directors of The Institution of Engineers Australia

In relation to our audit of the financial report of The Institution of Engineers Australia for the financial year ended 30 June 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b) No non-audit services provided that contravene any applicable code of professional conduct.

This declaration is in respect of The Institution of Engineers Australia and the entities it controlled during the financial year.


Ernst & Young



Irene Tzavaras
Partner
Canberra
5 October 2023

The Institution of Engineers Australia and its controlled entities

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Revenue and other income			
Revenue from contracts with customers	1(a)	80,791	74,135
Other income	2(a)	2,305	923
Other gains from financial assets and property	2(b)	1,148	94
Total revenue and other income		84,244	75,152
Expenses			
Employee expenses		47,285	41,309
Administrative, publication and IT expenses		12,012	10,944
Education course delivery expenses		5,029	8,870
Depreciation and amortisation	8,9,10	4,811	4,474
Conferences / events expenses		3,771	1,728
Consultancy expenses		3,769	3,905
Premises expenses		2,509	2,112
Travel expenses		1,733	501
Finance costs	9	584	515
Other expenses		107	78
Net impairment losses on financial and contract assets		49	16
Impairment of assets		-	477
Total expenses		81,659	74,929
Share of net profit of joint ventures accounted for using the equity method		55	83
Surplus before income tax		2,640	306
Income tax expense		49	51
Surplus for the year		2,591	255
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain / (Loss) on revaluation of land and buildings		393	990
		393	990
Total comprehensive income for the year		2,984	1,245
Total comprehensive income attributable to members		2,984	1,245

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

The Institution of Engineers Australia and its controlled entities

Consolidated balance sheet as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents*	3	27,444	35,452
Financial assets at amortised cost*	4	28,973	22,241
Contract assets	1(b)	404	223
Trade and other receivables	5	2,724	2,152
Prepayments		2,172	2,300
		<u>61,717</u>	<u>62,368</u>
Assets classified as held for sale	11	4,083	-
Total current assets		<u>65,800</u>	<u>62,368</u>
Non-current assets			
Investments accounted for using the equity method	6	109	104
Financial assets at fair value through profit or loss	7	29,184	27,206
Property, plant and equipment	8	20,569	22,372
Right-of-use assets	9	10,828	9,533
Intangible assets	10	3,945	3,990
Lease receivable	9	-	6
Loans		-	22
		<u>64,635</u>	<u>63,233</u>
Total non-current assets		<u>64,635</u>	<u>63,233</u>
Total assets		<u>130,435</u>	<u>125,601</u>
Current liabilities			
Contract liabilities	1(b)	31,458	31,828
Lease liabilities	9	2,632	2,351
Trade and other payables	12	5,768	5,903
Provisions	13	4,263	3,591
Other liabilities		12	21
Income tax payable		26	28
		<u>44,159</u>	<u>43,722</u>
Total current liabilities		<u>44,159</u>	<u>43,722</u>
Non-current liabilities			
Provisions	13	1,594	1,192
Other liabilities	14	1,602	1,530
Lease liabilities	9	10,202	9,263
		<u>13,398</u>	<u>11,985</u>
Total non-current liabilities		<u>13,398</u>	<u>11,985</u>
Total liabilities		<u>57,557</u>	<u>55,707</u>
Net assets		<u>72,878</u>	<u>69,894</u>
Members' funds			
Retained earnings		56,160	53,569
Reserves		16,718	16,325
		<u>72,878</u>	<u>69,894</u>
Total members' funds		<u>72,878</u>	<u>69,894</u>

* Balances have been restated in prior year - refer to Note 3 and 4 for further details.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The Institution of Engineers Australia and its controlled entities

Consolidated statement of changes in equity for the year ended 30 June 2023

	Retained Earnings \$'000	Reserves		Total \$'000
		Asset Revaluation Reserve \$'000	Technical Initiatives Fund \$'000	
Balance at 1 July 2021	52,694	13,537	2,418	68,649
Surplus for the year	255	-	-	255
Other comprehensive income for the year				
Transfer on sale of land and buildings previously revalued*	620	(620)	-	-
Gain on revaluation of land and buildings	-	990	-	990
Total comprehensive income for the year	875	370	-	1,245
Balance at 30 June 2022	53,569	13,907	2,418	69,894
Surplus for the year	2,591	-	-	2,591
Other comprehensive income movements for the year				
Gain on revaluation of land and buildings	-	393	-	393
Total comprehensive income for the year	2,591	393	-	2,984
Balance at 30 June 2023	56,160	14,300	2,418	72,878

* These amounts relate to the net revaluation gains, reported in prior years via comprehensive income, relating to Level 3, Chatswood office, which were removed from the asset revaluation reserve on sale of the property.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

The Institution of Engineers Australia and its controlled entities

Consolidated statement of cash flows for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from members and customers		87,993	82,992
Payments to employees and suppliers		(83,196)	(76,274)
Interest paid		(585)	(516)
Income taxes paid		(51)	(25)
Net cash inflow from operating activities		<u>4,161</u>	<u>6,177</u>
Cash flows from investing activities			
Dividend received		69	12
Distributions received from ACAA		50	50
Interest received on financial assets held as investments	2	1,151	132
Proceeds from disposal of property, plant and equipment		-	5,500
Net proceeds/(payment) from/for term deposits*		(6,732)	1,151
Payments for intangible assets	10	(1,451)	(1,438)
Payments for financial assets at fair value through profit or loss		(9)	(13,328)
Payments for property, plant and equipment	8	(2,589)	(86)
Repayment of loan by Technical Society		22	20
Net cash outflow from investing activities		<u>(9,489)</u>	<u>(7,987)</u>
Cash flows from financing activities			
Principal elements of lease payments received		6	9
Principal elements of lease payments		(2,686)	(2,175)
Net cash outflow from financing activities		<u>(2,680)</u>	<u>(2,166)</u>
Net increase in cash and cash equivalents		(8,008)	(3,976)
Cash and cash equivalents at beginning of the financial year		<u>35,452</u>	<u>39,428</u>
Cash and cash equivalents at end of the financial year*	3	<u>27,444</u>	<u>35,452</u>

* Balances have been restated in prior year - refer to Note 3 and 4 for further details.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2023

Note 1 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

2023	Membership	Assessment and charges	Engineering Workforce Credentialling	Education courses	Sponsorship	Conferences and events	Advertising rebate	All other segments	TOTAL
	Australia	Australia	Australia	Australia	Australia	Australia	Australia	Australia	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Timing of revenue recognition									
At a point in time	-	6,115	-	3,122	486	2,665	-	709	13,097
Over time	32,538	22,386	3,498	6,795	1,863	-	481	133	67,694
Total	32,538	28,501	3,498	9,917	2,349	2,665	481	842	80,791

2022	Membership	Assessment and charges	Engineering Workforce Credentialling	Education courses	Sponsorship	Conferences and events	Advertising rebate	All other segments	TOTAL
	Australia	Australia	Australia	Australia	Australia	Australia	Australia	Australia	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Timing of revenue recognition									
At a point in time	-	4,361	-	2,880	174	783	-	588	8,786
Over time	30,896	17,298	1,406	13,112	1,843	-	662	132	65,349
Total	30,896	21,659	1,406	15,992	2,017	783	662	720	74,135

* All revenue is delivered in Australia, with a small amount of revenue being received from overseas customers. Refer to Note 25 (d) for further details.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 1 Revenue from contracts with customers (continued)		
(b) Assets and liabilities related to contracts with customers		
The Group has recognised the following assets and liabilities related to contracts with customers:		
Current contract assets relating to education courses	20	1
Current contract assets relating to advertising rebate	160	191
Current contract assets relating to all other segments	224	31
Total current contract assets	<u>404</u>	<u>223</u>
Contract liabilities - membership	20,154	22,950
Contract liabilities - assessment and charges	5,036	2,061
Contract liabilities - engineering workforce credentialling	1,729	1,150
Contract liabilities - education courses	2,493	4,589
Contract liabilities - sponsorship	702	211
Contract liabilities - conferences and events	253	701
Contract liabilities - advance payments for services not yet provided	1,091	166
Total current contract liabilities	<u>31,458</u>	<u>31,828</u>

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 2(a) Other income		
Dividends	903	607
Interest	1,151	131
Rent received	100	94
Other	151	91
Total other income	<u>2,305</u>	<u>923</u>
Note 2(b) Other gains from financial assets and property		
Net gains on disposal of property, plant and equipment	-	2,986
Net gains/(losses) from financial assets at fair value through profit or loss	1,148	(2,892)
Total other gains from financial assets and property	<u>1,148</u>	<u>94</u>
Note 3 Cash and cash equivalents		
Cash at bank and on hand	<u>27,444</u>	<u>35,452</u>
Total cash and cash equivalents	<u>27,444</u>	<u>35,452</u>
(i) Cash at bank included \$599,371 (2022: \$619,343) collected or managed on behalf of the Technical Societies that will be distributed to them or managed on their behalf after 30 June 2023, and as such is not available for general use by the Group.		
(ii) Reclassified part of cash at bank to term deposits as at 30 June 2022, to align to the Group's accounting policy and therefore comparative information at this date has been restated (refer to Note 4). The relevant balances in the Consolidated Balance Sheet and Consolidated Statement of Cash Flows have also been updated.		
Note 4 Financial assets at amortised cost		
The Group classifies its financial assets at amortised cost only if both of the following criteria are met:		
- the asset is held within a business model whose objective is to collect the contractual cash flows; and		
- the contractual terms give rise to cash flows that are solely payments of principal and interest.		
Financial assets at amortised cost include the following debt investments:		
Current assets		
Term deposits	<u>28,973</u>	<u>22,241</u>
Total financial assets at amortised cost	<u>28,973</u>	<u>22,241</u>
(i) Reclassified part of term deposits from cash at bank as at 30 June 2022, to align to the Group's accounting policy and therefore comparative information at this date has been restated (refer to Note 3). The relevant balances in the Consolidated Balance Sheet and Consolidated Statement of Cash Flows have also been updated.		

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 5 Trade and other receivables		
Trade receivables from contracts with customers	2,772	2,213
Less: expected credit loss	<u>(130)</u>	<u>(89)</u>
	<u>2,642</u>	<u>2,124</u>
Other receivables		
Accrued interest income	<u>82</u>	<u>28</u>
	<u>82</u>	<u>28</u>
Total trade and other receivables	<u>2,724</u>	<u>2,152</u>

Note 6 Investments accounted for using the equity method

Interests in joint ventures

Set out below is a joint venture involving Engineers Australia as at 30 June 2023. The entity has share capital consisting solely of members' capital, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

<u>Name</u>	<u>Place of Business</u>	<u>% of Ownership interest</u>		<u>Fair Value</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Australian Construction Achievement Award	Australia	50%	50%		
Opening balance				104	71
Share of net profit of joint ventures				55	83
Distributions made				<u>(50)</u>	<u>(50)</u>
Total investments accounted for using the equity method.				<u>109</u>	<u>104</u>

Note 7 Financial assets at fair value through profit or loss

Fair value through profit or loss

Equity and debt investments	<u>29,184</u>	<u>27,206</u>
Total financial assets at fair value through profit or loss	<u>29,184</u>	<u>27,206</u>
Comprising:		
Morgan Stanley investment - Engineers Australia	27,582	25,676
Morgan Stanley investment - Bill Hickson Bequest	<u>1,602</u>	<u>1,530</u>
	<u>29,184</u>	<u>27,206</u>

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	Land and buildings at fair value \$'000	Plant, furniture and equipment at cost \$'000	Leasehold improvement at cost \$'000	Assets in Progress at Cost \$'000	Total \$'000
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Note 8 Property, plant and equipment

(a) As at 30 June 2022

Cost or fair value	20,185	4,300	3,326	32	27,843
Accumulated depreciation	-	(3,378)	(2,093)	-	(5,471)
Net book amount	20,185	922	1,233	32	22,372

For the year ended 30 June 2023

Opening net book amount	20,185	922	1,233	32	22,372
Revaluation	393	-	-	-	393
Additions	-	-	-	2,589	2,589
Transfers	-	6	-	(6)	-
Reclassified as held for sale	(4,083)	-	-	-	(4,083)
Depreciation expense	(290)	(167)	(245)	-	(702)
Closing net book amount	16,205	761	988	2,615	20,569

As at 30 June 2023

Cost or fair value	16,205	4,306	3,326	2,615	26,452
Accumulated depreciation	-	(3,545)	(2,338)	-	(5,883)
Net book amount	16,205	761	988	2,615	20,569

(b) Building valuation

In accordance with the Group's policy, the land and buildings were revalued by independent professional valuers to determine the fair value of the land and buildings. Land and buildings are situated throughout Australia and each valuation was performed by Savills Valuation Pty Ltd in June 2023. The previous valuation was prepared in June 2022.

(c) Asset classified as held for sale

The Board of Engineers Australia approved the sale of the property at 712 Murray St, West Perth WA in February 2023. Further details are at Note 11.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 9 Leases		
Lease information for the Group		
<u>Amounts recognised in the balance sheet</u>		
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets		
Buildings	10,737	9,329
Equipment	91	204
	<u>10,828</u>	<u>9,533</u>
Lease receivable		
Buildings	-	6
	<u>-</u>	<u>6</u>
Lease liabilities		
Current	2,632	2,351
Non-current	10,202	9,263
	<u>12,834</u>	<u>11,614</u>
Future lease payments in relation to lease liabilities as at period end are as follows:		
Within one year	3,110	2,774
Later than one year but not later than five years	7,920	7,790
Later than five years	3,531	2,402
	<u>14,561</u>	<u>12,966</u>
<u>Amounts recognised in the statement of profit or loss</u>		
The statement of profit or loss shows the following amounts relating to leases:		
Interest income on lease receivables		
Buildings	-	1
	<u>-</u>	<u>1</u>
Depreciation charge of right-of-use assets		
Buildings	2,500	2,102
Equipment	113	123
	<u>2,613</u>	<u>2,225</u>
Interest expense (included in finance cost)	584	515
Expense relating to leases of low-value assets not shown above as short-term leases (included in Administrative, publication and IT expenses)	376	458
The total cash outflow for leases in 2023 was \$3,648,000 (2022 was \$3,149,000).		
Further details on the application of leases for the Group is at Note 25(j).		

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2023

	Computer software at cost \$'000	Developed course at cost \$'000	"create" design at cost \$'000	Trademarks at cost \$'000	Goodwill at cost \$'000	Intangible assets WIP at cost \$'000	Total \$'000
Note 10 Intangible assets							
As at 30 June 2022							
Cost	13,073	1,668	174	196	572	1,460	17,143
Accumulated amortisation and impairment	(11,496)	(911)	(174)	-	(572)	-	(13,153)
Net book amount	1,577	757	-	196	-	1,460	3,990
For the year ended 30 June 2023							
Opening net book amount	1,577	757	-	196	-	1,460	3,990
Additions	-	-	-	-	-	1,451	1,451
Transfers	1,836	509	-	-	-	(2,345)	-
Amortisation expense	(1,120)	(376)	-	-	-	-	(1,496)
Closing net book amount	2,293	890	-	196	-	566	3,945
As at 30 June 2023							
Cost	14,146	2,178	-	196	-	566	17,086
Accumulated amortisation and impairment	(11,853)	(1,288)	-	-	-	-	(13,141)
Net book amount	2,293	890	-	196	-	566	3,945

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 11		
Asset classified as held for sale		
712 Murray St, West Perth WA	4,083	-
Total asset held for sale	4,083	-
<p>In February 2023, the Engineers Australia Board approved the sale of the Perth office located at 712 Murray St, West Perth WA. The value of this property was moved to Assets classified as held for sale during the reporting period and was measured at fair value, based on the revaluation performed by Savills Valuation Pty Ltd in June 2022.</p>		
Note 12		
Trade and other payables		
Trade creditors and accruals	3,250	2,932
Sundry creditors	1,535	1,418
Goods and services tax payable	983	1,553
Total trade and other payables	5,768	5,903
Note 13		
Provisions		
Employee benefit provisions	5,640	4,566
Make good provision	217	217
Total provisions	5,857	4,783
Current	4,263	3,591
Non-current	1,594	1,192
Total provisions	5,857	4,783
Number of employees at year end	391	354
Note 14		
Other non-current liabilities		
Bill Hickson Bequest - value of investment held with Morgan Stanley	1,602	1,530
Total other non-current liabilities	1,602	1,530

The Group received funds totalling \$1.59m from the Bill Hickson Bequest in 2020-21, which it invested with Morgan Stanley. These funds were provided to Engineers Australia to fund education scholarships from the income generated by the initial funds invested. Engineers Australia is not a beneficiary of the fund and cannot use the funds for its own purpose. In this regard Engineers Australia has treated the value of the funds held on behalf of the Bill Hickson Bequest as a financial liability as any breach of the bequest terms would mean that the funds would need to be returned to the Bequest.

As at 30 June 2023, three education scholarships have been paid from the income generated with the funds invested with Morgan Stanley.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 15		
Contingent liabilities		
Estimates of material amounts of contingent liabilities not provided for in the financial report arising from contract performance guarantees in favour of the lessor at the following premises:		
1. Bourke Place Melbourne VIC 3000. (First registered mortgage over non residential real property located at units 1-5 Engineering House 11 National Circuit Barton ACT 2600 is held as security for the guarantee)	952	952
2. 44 Market Street Sydney NSW 2000. (Security Deposit Guarantee Favouree: PERPETUAL TRUSTEE COMPANY LIMITED ABN 42 000 001 007)	581	581
3. Suite A, Level 9, 340 Adelaide St, Brisbane QLD 4000. (Security Deposit Guarantee Favouree: BNY TRUST COMPANY OF AUSTRALIA LIMITED ACN 050 294 052)	313	313
4. Level 10, Allendale Square, 77 St Georges Terrace, Perth WA 6000. (Security Deposit Guarantee Favouree: Allendale Square Pty Ltd ABN 85 502 812 766)	418	418
Total contingent liabilities	<u>2,264</u>	<u>2,264</u>

Note 16 Commitments

Commitments includes expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Within one year	2,676	3,138
Later than one year but not later than five years	1,725	-
Later than five years	-	-
Total commitments	<u>4,401</u>	<u>3,138</u>

Commitments includes only the material value of contracts where the Group has made a commitment via a contract or agreement with a third party for future purchases of goods or services. The amount reported includes commitments for IT services and publishing expenditure relating to the Group's "create" magazine.

Note 17 Reserves

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 25(q) for details.

Note 18 Events after balance sheet date

There were no events after balance sheet date to be reported.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 19 Going concern

The Group concludes that no material uncertainty exists about the Group's ability to continue as a going concern. The Group has appropriate processes and systems to monitor business activity and economic conditions to support this assessment.

Note 20 Related party transactions

The names and particulars of the members of the Board and Executive Officers of The Institution of Engineers Australia during the financial year are:

Non-executive directors	Position	
N Fleming	National President and Board Chair	
R Aseervatham	Director	
L Blackhall	Director	from 1 January 2023
L Cade	Director	
T Goerke	Director	from 1 January 2023
K Kayvani	Director	
M Thompson	Director	to 31 December 2022
L Maimone (Boyer)	Director	
L Vitaris	Director	
Executive officers		
R Madew	Chief Executive Officer	from 1 August 2022
C Foo	Group Executive, Digital and Technology	
J Gullick	Group Executive, Finance and Risk	from 3 April 2023
J Hanks	Group Executive, Growth and Education	
S Jenkins	Group Executive, Member and Customer	
J Lau	Chief Financial Officer	to 28 October 2022
M Luddeni	Group Executive, Operations and Assessments	
J McMaster	Chief Engineer	
D Ogden	Group Executive, Policy and Public Affairs	from 27 March 2023
R Pena	Group Executive, People and Strategy	
V Wongseelashote	Group General Counsel and Company Secretary	from 17 October 2022

Key management personnel compensation

The aggregated compensation of the key management personnel (non-executive directors and executive officers) of the the Institution of Engineers Australia is set out below:

	<u>2023</u>	<u>2022</u>
Employee benefits	3,437,174	2,875,321

Transactions with Directors of the Board

From time to time transactions are entered into with Directors of the Board, their firms or associated entities. Such transactions are within normal customer employee relationships on terms and conditions no more favourable than those available to other members, customers or employees. These transactions were principally for fees paid to directors in their capacity as directors, and fees paid by directors for their membership and attendance at events held by Engineers Australia.

Directors of the Group are reimbursed for their out-of-pocket travel and related expenses.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	2023	2022
Note 21 Auditor's remuneration		
Remuneration of the auditor for:		
- Audit of the financial reports	155,000	145,000
- Other services		
Consulting services	-	
Total auditor's remuneration*	<u>155,000</u>	<u>145,000</u>
<i>* Auditor remuneration fee must be reported as full numbers</i>		
Note 22 Incorporation		
Engineers Australia is a body incorporated by Royal Charter and domiciled in Australia. The registered office and principal place of business of The Institution of Engineers Australia is:		
Engineers Australia - National Office		
Engineering House		
11 National Circuit		
Barton, ACT, 2600		
Note 23 Parent entity financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Summary financial information	\$'000	\$'000
Balance sheet		
Current assets	53,198	42,983
Total assets	128,039	121,604
Current liabilities	42,036	39,909
Total liabilities	<u>55,337</u>	<u>51,790</u>
Net Assets	<u>72,702</u>	<u>69,814</u>
Members' funds		
Retained earnings	44,937	37,258
Reserves	27,765	32,556
Total Members' funds	<u>72,702</u>	<u>69,814</u>
Surplus for the year	7,678	3,664
Total comprehensive income	2,888	1,172

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

	Notes	Equity holding	
		2023 %	2022 %
Note 24 Controlled entities			
Parent entity			
The Institution of Engineers Australia Incorporated in Australia by Royal Charter	24(a)		
Controlled entities			
Subsidiaries:			
Australian Engineering Foundation Ltd Incorporated in Australia	24(b)	100	100
Engineers Australia Pty Ltd Incorporated in Australia	24(c)	100	100
Engineering Education Australia Pty Ltd Incorporated in Australia	24(d)	100	100
The Moreland Group Pty Ltd Incorporated in Australia	24(e)	100	100
Englinsure Pty Ltd Incorporated in Australia	24(f)	100	100

(a) The Institution of Engineers Australia is a body incorporated under Royal Charter issued on 10 March 1938.

(b) Australian Engineering Foundation Ltd ('AEF') is a company limited by guarantee. The Institution of Engineers Australia exercises control over AEF through the appointment of its Board members.

(c) Engineers Australia Pty Ltd is owned by The Institution of Engineers Australia. The company was previously trading as 'Engineers Media'.

(d) Engineering Education Australia Pty Ltd ("EEA") is 43% owned by The Institution of Engineers Australia and 57% owned by the Australian Engineering Foundation Ltd. The Institution of Engineers Australia exercises control over AEF, a company limited by guarantee, through the appointment of its Board members.

(e) The Moreland Group Pty Ltd ("TMG") is 100% owned and directly controlled by Engineering Education Australia Pty Ltd ("EEA"). The Institution of Engineers Australia exercises control over EEA and accordingly exercises control over TMG.

(f) Englinsure Pty Ltd is owned by The Institution of Engineers Australia.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Royal Charter and the 2011 By-Laws of The Institution of Engineers Australia (Engineers Australia).

Engineers Australia is a body incorporated in Australia by Royal Charter.

The Group is a not-for-profit entity for the purposes of preparing these consolidated financial statements.

The financial statements were authorised for issue by the Board members on 4 October 2023. The directors have the power to amend and re-issue the financial statements.

i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- certain financial assets, liabilities, and land and building – measured at fair value; and
- assets held for sale - measured at fair value.

iii) New and amended standards adopted by the group

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

b) Principles of consolidation and equity accounting

Consolidation

The consolidated financial statements incorporate the entities controlled by the parent entity. Control is achieved where the parent entity has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is contained in Note 24 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances, transactions, income and expenses are eliminated in full on consolidation.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

b) Principles of consolidation and equity accounting (continued)

Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its subsidiaries and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is also tested for impairment.

c) Functional and presentation currency

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

d) Revenue

The details below should be read in conjunction with Note 1 (a) and (b).

Membership subscriptions:

Revenue from membership subscriptions relates to the provision of annual membership benefits to members. The consideration for memberships is based on fixed fees with discounts applied where applicable for some members, and is recognised over the membership year as members simultaneously receive and benefit from the services provided. Membership subscriptions paid prior to year-end which are related to the next financial year are held in contract liabilities (previously reported as unearned revenue), which is a current liability.

Assessment and registration fees:

Revenue from assessment and registration services relates to the provision of these services to customers of the Group and are based on fixed fees. The main assessment and registration services include:

(i) Migration Skills Assessment (MSA) and Chartered Assessment – revenue recognised in relation to the provision of services to complete an MSA or Chartered assessment for an applicant. These assessments are performed over time through stages as the relevant application is progressed by an assessor until a final outcome is determined. Revenue is recognised over time in line with the progression of the assessment.

(ii) MSA Fast Track – revenue recognised in relation to the provision of services to MSA applicants to start their applications at a faster rate than the standard service. Revenue related to MSA Fast Track is recognised when the application is assigned to an assessor to process the application, as this is the point in time when the service has been completed for the applicant.

(iii) National Engineering Register (NER) fees – revenue recognised in relation to the provision of annual registration benefits to members of NER. The revenue is recognised over the membership year as members simultaneously receive and benefit from the services provided. Registration fees paid prior to year-end to which are related to the next financial year are held in contract liabilities (previously reported as unearned revenue), which is a current liability.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

d) Revenue (continued)

Assessment and registration fees (continued):

(iv) Other assessment services – revenue recognised in relation to other assessments services are recognised when the outcome of the assessment has been provided to the applicant. These assessments are completed within a short period of time (ie. 1-2 days) and included assessments processed by the Department of Education, Skills and Employment (DESE) which introduced three incentives to maximise the contribution of Australia's onshore migrant workforce last financial year.

Engineering Workforce Credentialling (EWC):

Revenue relates to the access of services offered to partner organisations for the provision of membership and credentialling assessment services, recognised over time, for an agreed number of employees at a fixed fee over relevant financial years and formalised via a signed agreement.

Education courses:

Revenue relates to the delivery of education courses to students, which is determined from fixed price contracts, and is recognised over time as students simultaneously receive and use the services provided. Revenue recognised in the financial year is based on actual services provided to the end of the reporting period and measured with reference to the number of training days completed as a percentage of the total expected training days for the course (inclusive of period for internships, if applicable).

Sponsorship:

The Group receives sponsorship revenue from customers for corporate partnerships with the Group or in support of specific events. Revenue from corporate partnerships is recognised over the period of the agreement in line with the completion of activities or provision of services as outlined in the sponsorship agreement, which are generally based on fixed fees. Sponsorship revenue in support of specific events is recognised when the event has been held and the consideration is based on fixed fees.

Conferences / events:

The Group held a number of conferences / events during the year. Revenue is recognised when the event has been held and the consideration is based on fixed fees.

Management fees:

The Group provides management support services to external entities as determined in contractual agreements for general management services and the coordination of one-off events.

The contracts for general management services contain fixed monthly management fees and specifies the services to be provided. The services provided are substantially the same each month and have the same pattern of transfer, therefore the Group accounts for the contracts as one performance obligation; the provision of management support services. Revenue is recognised over the life of the contract as the customers simultaneously receives the benefits as the Group provides the services.

Revenue for services provided for one-off events are recognised once the event has been completed.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

d) Revenue (continued)

Advertising rebate:

The Group receives a monthly rebate, which is a percentage of the advertising revenue that is generated from the Group's 'create' magazine each month. The revenue rebate is based on an agreed calculation contained in a multi-year contract with a company which manages the production of the magazine for the Group. Revenue is recognised over the period of the contract, in line with advertising generated from the 'create' magazine.

Contract assets and liabilities:

Contract assets represent services provided to customers which are not yet billed. Contract liabilities recognised are in relation to revenue billed to customers, where the Group has not yet provided the services.

e) Income tax

The parent (a registered charity) and the following controlled entities are currently exempt from the payment of income tax:

- i) Engineering Education Australia Pty Ltd (a registered charity)
- ii) Australian Engineering Foundation Ltd (self assessed as tax exempt in accordance with ATO guidelines; dormant entity)
- iii) Engineers Australia Pty Ltd (a registered charity; dormant entity)

Englinsure Pty Ltd and The Moreland Group Pty Ltd are for profit entities and subject to income tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less.

g) Trade receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore subsequently measures them at amortised cost, less an expected credit loss allowance for impairment. Bad debts are written off when debts become uncollectible in a subsequent period.

The Group applies the *AASB 9 Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

h) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of acquisition of the asset or as part of an item of expense. Receivables and payables in the consolidated balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses (if any).

Land and buildings

Land and buildings are measured at fair value (fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate). It is the policy to have an independent valuation every year.

Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit and loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to that asset. In the event that there are revaluation increases and revaluation decreases relating to individual assets within land and buildings these are offset against one another. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, is transferred directly to retained earnings.

Plant, furniture and equipment

Plant, furniture and equipment are measured at cost less depreciation and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

The depreciable amounts of all fixed assets including buildings, but excluding freehold land and works of art, are depreciated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements using the straight line method.

The following estimated useful lives are used in the calculation of depreciation:

<u>Class of property, plant and equipment</u>	<u>Useful life</u>
Buildings	40 - 50 years
Plant, furniture and equipment	3 -10 years
Leasehold improvements	5 -10 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes recognised on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

j) Leases

The Group leases various offices and equipment using rental contracts that are typically made for fixed periods of 3 to 10 years, but may also have extension options. These lease contracts may contain both lease and non-lease components that the Group allocates based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions within each agreement. These lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and may not be used as security for borrowing purposes.

From 1 July 2019, under *AASB 16 Leases* all Group building leases and some property, plant and equipment leases (above a threshold) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease receivables are recognised on sub-leases when the sub-lease of a leased property is classified as a finance lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease income from operating leases where the group is a lessor is recognised in income over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor for the leasing standard.

Low value threshold

The Group has determined, that where practical, to apply the low-value assets exemption to any property, plant and equipment with a new value under \$5,000 (excluding GST). When low-value asset exemption applies to any asset, the lease payments for that asset are expensed in the Group's statement of profit or loss over the lease term.

Measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Application of interest rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group has determined the following methods for determining the rate:

- Building leases - quoted rate provided by current banking provider (currently CBA) which reflects the value and nature of the leased assets, lease terms and economic environment; and
- Plant and equipment leases – based on rate provided by finance company.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

j) Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Lease receivables

Lease receivable on a sublease is measured at the net investment in the lease, discounted using the interest rate in the head lease. Lease payments received by the Group are allocated between lease receivable and interest income. The interest income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Exemptions applied

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group, where it is reasonably certain that the relevant option will be taken up. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

k) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Computer software assets have useful lives of between 3 to 5 years.

"create" design (specific trademark)

"create" design recognised with a 5 year useful life has now been fully amortised as at 30 June 2020.

Trademarks

Trademarks recognised have an indefinite useful life and are not amortised, unless otherwise specified.

Developed education courses

Developed education course assets have useful lives between 3 to 5 years.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses if any.

Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and depreciated replacement cost, is compared to the asset's carrying value. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit and loss, unless the relevant asset is carried at fair value, in which case, the impairment cost is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal is treated as a revaluation increase.

l) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the balance sheet.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

m) Investments and other financial assets

Recognition and derecognition

The Group recognise financial assets on the date it becomes party to the contractual agreement (trade date) and recognised changes in fair value of the financial assets from this date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets at fair value through profit or loss (FVPL) are presented in the statement of profit or loss and other comprehensive income in the period in which they arise.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group has subsequently measured its debt instruments at amortised cost as the assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at FVPL. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in net gains/(losses) on financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income as applicable.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Bequests

The Group received a bequest from the estate of William Hickson in 2020-21 to provide education scholarships. The funds from the bequest do not provide a financial benefit to the Group and there are no defined performance obligations to be met. The Group administers these funds separately from the Group's other funds and has appropriately accounted for the transactions in accordance with *AASB 1058 - Income from Not-for-Profit Entities* and *AASB 9 - Financial Instruments*. The funds are accounted for as a financial asset and financial liability, with any movements from increase/decreases in the investment, payment of scholarships or other movements to be treated as movements in both these accounts.

n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and the outflow can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Make good provision

The Group is required to restore some leased offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

Employee benefit provisions

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

p) Technical initiative funds

Technical Initiative Funds (TIF) represent surpluses from specific events or initiatives which are attributed to the efforts of groups within Engineers Australia. These funds are treated as reserves on the balance sheet awaiting future use. These funds can be used by these groups to undertake activities consistent with their purpose and are subject to utilisation within the ordinary budgetary processes of Engineers Australia.

q) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision if the revision affects both current and future periods.

Key estimates and judgements

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revaluation of land and buildings

As described in Note 25(i), land and buildings are measured at fair value. Determining the fair value requires an estimation of the market value of the land and buildings. Management engages independent professional valuers to determine the market value. These valuations are undertaken on an annual basis and the carrying amount of land and buildings is adjusted to reflect these valuations.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2023

Note 25 Summary of accounting policies (continued)

q) Critical accounting judgements and key sources of estimation uncertainty (continued)

Technical societies

Determination of control was based on whether Engineers Australia had the power and ability to influence variable returns from the Technical Societies. It was determined that Engineers Australia does not control the Technical Societies (unincorporated and incorporated). Therefore the financial results of the Technical Societies are not consolidated into the accounts of Engineers Australia.

Revenue for Technical Societies is received by Engineers Australia and distributed directly to the Technical Societies. Any undistributed Technical Society revenue at balance date is included as trade and other payables in the balance sheet.

The financial results of the Technical Societies are disclosed in the Technical Societies own financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

r) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Declaration of the Directors

In accordance with a resolution of the directors, I state that in the opinion of the directors:

a) the financial statements and notes of The Institution of Engineers Australia and its controlled entities are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - General Purpose Financial Statements - Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and

b) there are reasonable grounds to believe that The Institution of Engineers Australia and its controlled entities will be able to pay all of their debts as and when they become due and payable.

Signed in Adelaide on 4 October 2023.

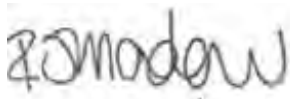


Nick Fleming
National President and Board Chair

Prior to the adoption of the 30 June 2023 financial statements, the Board received and considered a written statement from the Chief Executive Officer and the Group Executive, Finance and Risk of the Institution of Engineers Australia (parent entity), that in their opinion:

(i) the financial statements of the consolidated entity are supported by the financial records of The Institution of Engineers Australia and its controlled entities; and

(ii) the statements comply with the accounting standards and any requirements of the Australian Charities and Not for Profit Commission Act 2012 and give a true and fair view of the financial position, performance and cash flows of The Institution of Engineers Australia and its controlled entities as of 30 June 2023.



Romilly Madew

Chief Executive Officer
The Institution of Engineers Australia



Joanne Gullick

Group Executive, Finance and Risk
The Institution of Engineers Australia



**Building a better
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Independent auditor's report to the members of The Institution of Engineers Australia

Opinion

We have audited the financial report of The Institution of Engineers Australia (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosure and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosure and the *ACNC Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Ernst & Young logo is written in a cursive, handwritten style.

Ernst & Young

A handwritten signature in black ink, appearing to read 'ITzavaras'.

Irene Tzavaras
Partner
Canberra
5 October 2023